

SUMMONS ISSUED

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

FILED
CLERK

2011 MAR -3 PM 12: 07

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RAMLA BIBI,
Individually and on behalf of a class,

U.S. DISTRICT COURT
EASTERN DISTRICT
OF NEW YORK

Plaintiff,

- against -

CV 11 - 1020

NORTHSTAR LOCATION SERVICES, LLC,

Defendant.

MATSUMOTO, J.

-----X

GO, M.J.

COMPLAINT – CLASS ACTION

INTRODUCTION

1. Plaintiff brings this action to secure redress against unlawful credit and collection practices engaged by defendant NorthStar Location Services, LLC. Plaintiff alleges violation of the Fair Debt Collections Practices Act, 15 U.S.C. §1692 *et seq.* (“FDCPA”). The FDCPA broadly prohibits unfair or unconscionable collection methods; conduct which harasses, oppresses or abuses any debtor; and any false, deceptive or misleading statements, in connection with the collection of a debt; it also requires debt collectors to give certain information. 15 U.S.C. §§1692d, 1692e, 1692f, and 1692g.

JURISDICTION AND VENUE

2. This Court has jurisdiction under 28 U.S.C. §§1331, 1337, and 15 U.S.C. §1692k (FDCPA).

3. Venue and personal jurisdiction over defendant in this District is proper because defendant’s collection activities impacted plaintiff here and because defendant transacts business in this District.

PARTIES

4. Plaintiff, Ramla Bibi, is an individual resident of the State of New York, residing in the County of Queens. Plaintiff is a "Consumer" as that term is defined by 15 U.S.C. §1692a(3) of the FDCPA in that the alleged debt that the defendant sought to collect from Plaintiff is a consumer debt.

5. Defendant, NorthStar Location Services, LLC, is a domestic limited liability company engaged in the business of collecting debts with its principal place of business located in the County of Erie, State of New York. Defendant is regularly engaged in the collection of debts allegedly owed by consumers. Defendant is a "Debt Collector" as that term is defined by 15 U.S.C. §1692a(6) of the FDCPA.

FACTS

6. On or about October 25, 2010, November 29, 2010, and January 10, 2011, Plaintiff was mailed the collection letters attached as Exhibit A (the "Collection Letters"). Plaintiff received it in the ordinary course of mail.

7. Exhibit A sought to collect a debt incurred for personal, family or household use and not for business purposes.

8. Exhibit A attempted to collect \$14,759.04. The creditor is identified as Discover Card.

9. Exhibit A is, on information and belief, a form letter.

10. The Collection Letters each offered an identical settlement option to the Plaintiff and state in part:

"If you wish to take advantage of a settlement offer, you must select one of the following options:

- 1 payment of \$4,427.71, which is 30% of the current balance . . .
- 3 payments of \$1,721.89, which is 35% of the current balance . . .”

FIRST CAUSE OF ACTION

11. Plaintiff incorporates all preceding paragraphs as if fully re-alleged herein.

12. Defendant’s debt collection attempt by sending Exhibit A offers to settle an alleged debt for less than the creditor says is owed.

13. The Internal Revenue Code requires that if certain creditors forgive all or part of a debt, the amount forgiven in excess of \$600 must be reported by the creditor and reported by the debtor as income on the debtor’s federal tax return.

14. In other words, the offers of settlement in Exhibit A have tax ramification to the debtor.

15. Exhibit A failed to notify the debtor of the requirement under the Internal Revenue Code that any amount forgiven in excess of \$600 must be reported as income on his federal tax return.

16. Exhibit A deceives and seeks to mislead the debtor into accepting the attractive discounted amounts without notifying her of the tax consequences of accepting the offers, in violation of 15 U.S.C. §§1692e, 1692e(2), 1692e(10) and 1692f. See Ellis v. Cohen & Slamowitz, LLP, 1:09-cv-0810 (GLS/RFT) (NDNY, 2010), 701 F.2d 215, 2010 U.S. Dist. LEXIS 29579 (“the amount of debt being forgiven may be taxable under 26 U.S.C. §61(a)(12), whereby the taxes levied specific to that additional taxable income would in essence diminish the actual net value of the discount offered by the debt collector. Thus, the discount offered in C&S’s second letter may constitute a deceptive or misleading collection practice by failing to warn the consumer that the amount forgiven could affect his tax status.”)

SECOND CAUSE OF ACTION

17. Plaintiff incorporates all preceding paragraphs as if fully re-alleged herein.

18. Under New York General Business Law, “[d]eceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service in [New York State] are . . . unlawful.” N.Y. Gen.Bus.Law §349.

19. Defendant’s debt collection offers to settle an alleged debt for less than the creditor says is owed.

20. The Internal Revenue Code requires that if certain creditors forgive all or part of a debt, the amount forgiven in excess of \$600 must be reported by the creditor and reported by the debtor as income on the debtor’s federal tax return.

21. In other words, the offers of a discount in Exhibit A has tax ramifications to the debtor.

22. Exhibit A deceives and seeks to mislead the consumer/debtor into accepting the attractive discounted amount without notifying her of the tax consequences of accepting the offer.

23. Without disclosing the tax consequences, Exhibit A is deceptive and misleading in a material way.

24. Such deception is, upon information and belief, knowing and intentional.

25. Such deception continues every time the NorthStar Location Services, LLC sends out a letter in the form of Exhibit A.

26. As a result of Defendant’s actions in sending Exhibit A, Plaintiff has been damaged in violation of N.Y. GenBus.Law §349.

CLASS ALLEGATIONS

27. Pursuant to Fed.R.Civ.P. 23(a), plaintiff brings this claim on behalf of a class.

28. The class consists of (a) all natural persons (b) who were sent a letter as Exhibit A (c) seeking to collect a debt (d) on or after a date one year prior to the filing of this action and ending 20 days after the filing of this action.

29. The class is so numerous that joinder is impracticable.

30. On information and belief, there are more than 50 natural persons who were sent a letter similar to Exhibit A on or after a date one year prior to the filing of this action and ending 20 days after the filing of this action.

30. There are questions of law and fact common to the members of the class, which common questions predominate over any questions that affect only individual class members. The predominant common questions are:

a. whether the defendant violated various provisions of the FDCPA, including but not limited to 15 U.S.C. §§1692e, 1692e(2), 1692e(10) and 1692f and/or N.Y. GenBus.Law §349;

b. Whether plaintiff and the class have been injured by the defendant's conduct;

c. Whether plaintiff and the Class have sustained damages and are entitled to restitution as a result of defendant's wrongdoing and, if so, what is the proper measure and appropriate statutory formula to be applied in determining such damages and restitution; and

d. Whether plaintiff and the Class are entitled to declaratory relief.

31. Plaintiff's claims are typical of the claims of the class members. All are based on the same factual and legal theories.

32. Plaintiff will fairly and adequately represent the interests of the class members. Plaintiff has retained counsel experienced in consumer credit and debt collection abuse cases.


33. A class action is superior to other alternative methods of adjudicating this dispute. Individual cases are not economically feasible. The nature of the wrong depends on the deception of the consumer, so it is unlikely to be detected or remedied without a class action.

WHEREFORE, Plaintiff respectfully demands judgment in favor of Plaintiff and the class and against the Defendant as follows:

- a) Statutory damages;
- b) Attorney's fees, litigation expenses and costs of suit;
- c) Declaratory relief finding the collection letter violates the FDCPA; and
- d) For such other and further relief which this court deems just and proper.

Dated: New York, New York
March 2, 2011

SHAKED & POSNER
Attorneys for Plaintiff

By: 
Dan Shaked (DS-3331)
255 West 36th St., Fl. 8
New York, NY 10018
Tel. (212) 494-0035
Fax (646) 367-4951
e-mail: dan@shakedandposner.com

JURY DEMAND

Plaintiff hereby demands trial by jury.



Dan Shaked (DS-3331)

EXHIBIT A

1-866-224-9825
Hours Mon-Thur 8AM-10PM EST,
Fri 8AM-8PM, Sat 8AM-4PM EST

October 25, 2010

Creditor:	Discover Card
Account Number:	*****6548
Balance Due:	\$14,759.04
Amount Remitted:	\$

201000000729921-SP3

*A-01-9OS-AM-00566-3



RAMLA BIBI
24668 87TH AVE
BELLEROSSE NY 11426-2019



NORTHSTAR LOCATION SERVICES, LLC
ATTN: FINANCIAL SERVICES DEPT.
PO BOX 49
BOWMANSVILLE NY 14026-0049



To ensure proper credit, return this portion with your payment.

Creditor	Account #	Balance Due	Amount Remitted
Discover Card	*****6548	\$14,759.04	

***** Special Settlement Offer *****

We have been authorized by our client, Discover Card, to offer you an opportunity to settle your account. If you wish to take advantage of a settlement offer, you must select one of the following options:

- 1 payment of \$4,427.71, which is 30% of the current balance due by 11/09/10.
- 3 payments of \$1,967.87, which is 40% of the current balance due by 11/09/10, 12/09/10, and 01/08/11.

Detach and submit the top portion of this letter along with your payment or if you prefer to pay by Check-by-Phone or Master Card/Visa, you may contact our office at 1-866-224-9825 to make arrangements. You may also visit our website at www.gotonls.com to make a payment. In the event your payment is returned by your financial institution for non-sufficient funds or because the account was closed, you may be charged a service fee in the amount of \$15.00.

Please be advised that if this item does not clear through your bank, this settlement offer will be considered null and void.

Federal law requires that we inform you this communication is from a professional debt collector. This is an attempt to collect a debt. Any information obtained will be used for that purpose. This collection agency is licensed by the Department of Consumer Affairs, the City of New York License # 1179143.

To make paying your account more convenient we offer the following payment options:

- Check-by-phone at 1-866-224-9825
- MoneyGram ExpressPayment
- Credit or Debit Card
- Web Pay at www.gotonls.com
- Pay in person at our office
- Enclose your payment in the envelope

You may contact a Northstar Account Representative toll free at 1-866-224-9825 or direct dial our Remittance Department at 1-866-224-9825 to make your payment. In the event your payment is returned by your financial institution for non-sufficient funds or because the account was closed, a service fee in the amount of \$15.00 will be assessed, unless prohibited by state or federal law.



Payment website: <https://www.gotonls.com>

1-866-224-9825
Hours Mon-Thur 8AM-10PM EST,
Fri 8AM-8PM, Sat 8AM-4PM EST

November 29, 2010

Creditor:	Discover Card
Account Number:	*****6548
Balance Due:	\$14,759.04
Amount Remitted:	\$

201000000729921-S3P

*A-01-ZHK-AM-07140-33



RAMLA BIBI
24668 87TH AVE
BELLEROSSE NY 11426-2019



NORTHSTAR LOCATION SERVICES, LLC
ATTN: FINANCIAL SERVICES DEPT.
PO BOX 49
BOWMANVILLE NY 14026-0049



To ensure proper credit, return this portion with your payment.

Creditor	Account #	Balance Due	Amount Remitted
Discover Card	*****6548	\$14,759.04	

***** Special Settlement Offer *****

We have been authorized by our client, Discover Card, to offer you an opportunity to settle your account or you may choose to make a monthly partial payment. The following options are available to you:

- 1 payment of \$4,427.71, which is 30% of the current balance due by 12/14/10.
- or
- 3 payments of \$1,967.87, which is 40% of the current balance due by 12/14/10, 01/13/11, and 02/12/11.
- or
- Partial payment arrangement with a down payment of \$1,475.88 or 10% of the balance due by 12/09/10, and monthly payments thereafter of \$1,106.93 for 12 months due by the 9th of each month.

Should you wish to take advantage of any of these options, your first payment must be received by no later than 12/14/10.

Please be advised that if this item does not clear through your bank, this settlement offer will be considered null and void.

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1-866-224-9825
Hours Mon-Thur 8AM-10PM EST,
Fri 8AM-8PM, Sat 8AM-4PM EST

January 10, 2011

Creditor:	Discover Products Inc.
Account Number:	*****6548
Balance Due:	\$14,759.04
Amount Remitted:	\$

201000000729921-SP3

*A-01-XP6-AM-01715-9



RAMLA BIBI
24668 87TH AVE
BELLEROSSE NY 11426-2019



NORTHSTAR LOCATION SERVICES, LLC
ATTN: FINANCIAL SERVICES DEPT.
PO BOX 49
BOWMANVILLE NY 14026-0049



To ensure proper credit, return this portion with your payment.

Creditor	Account #	Balance Due	Amount Remitted
Discover Products Inc.	*****6548	\$14,759.04	

**** Special Settlement Offer ****

We have been authorized by our client, Discover Products Inc., to offer you an opportunity to settle your account. If you wish to take advantage of a settlement offer, you must select one of the following options:

- 1 payment of \$4,427.71, which is 30% of the current balance due by 01/24/11.
- 3 payments of \$1,721.89, which is 35% of the current balance due by 01/24/11, 02/24/11, and 03/24/11.

Detach and submit the top portion of this letter along with your payment or if you prefer to pay by Check-by-Phone or Master Card/Visa, you may contact our office at 1-866-224-9825 to make arrangements. You may also visit our website at www.gotonls.com to make a payment. In the event your payment is returned by your financial institution for non-sufficient funds or because the account was closed, you may be charged a service fee in the amount of \$15.00.

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Payment website: <https://www.gotonls.com>